



TEXAS DEPARTMENT OF INSURANCE

Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name

Sentrix Pharmacy and Discount, L.L.C.

Respondent Name

Fort Bend County

MFDR Tracking Number

M4-16-2898-01

Carrier's Austin Representative

Box Number 29

MFDR Date Received

May 20, 2016

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "The insurance carrier, Carl Warren and Company, failed to take final action on the claim within the 45-day period set forth in TAC §133.24. Specifically the claim was submitted on 2/16/16 and it was received by the provider on 2/19/16 ... and no action was taken on the claim). Sentrix resubmitted the bills for reconsideration on 4/7/16 and it was received by the provider on 4/13/16 ... On 5/16/16, after the 45-day statutory time frame, the carrier submitted the attached EOB, however this was an untimely denial."

Amount in Dispute: \$2,289.72

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "Per §134.530(b) (1) (B), preauthorization is required for any compound that contains a drug identified with a status of 'N' in the current Official Disability Guidelines Drug Formulary. Since, the compound included the 'N' status drug Gabapentin the bill was denied with ANSI code 197D which states: precertification/authorization/notification absent."

Response Submitted by: Argus Services Corporation

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
February 12, 2016	Pharmacy Services - Compound	\$2,289.72	\$2,289.72

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.502 sets out the procedures for pharmaceutical benefits.
3. 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.

4. 28 Texas Administrative Code §134.530 sets out the closed formulary requirements for claims not subject to certified networks.
5. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
 - 197D – Precertification/authorization/notification absent. *Health care treatments/services that are not recommended, not listed, or under study by the ODG, or exceeded the ODG in frequency or duration require pre-authorization.*

Issues

1. Is Fort Bend County's denial of payment for the disputed service supported?
2. Is Sentrix Pharmacy and Discount, L.L.C. (Sentrix) entitled to reimbursement for the disputed service?

Findings

1. Sentrix is seeking reimbursement of \$2,289.72 for a compound cream dispensed on February 12, 2016. Fort Bend County denied the disputed service with claim adjustment reason code 197D – "Precertification/authorization/notification absent. *Health care treatments/services that are not recommended, not listed, or under study by the ODG, or exceeded the ODG in frequency or duration require pre-authorization.*"

Argus Services Corporation argued on behalf of Fort Bend County "the compound included the 'N' status drug Gabapentin." 28 Texas Administrative Code §134.530(b)(2) states that preauthorization is **only** required for:

- drugs identified with a status of "N" in the current edition of the *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary*, and any updates;
- any compound that contains a drug identified with a status of "N" in the current edition of the *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary*, and any updates; and
- any investigational or experimental drug for which there is early, developing scientific or clinical evidence demonstrating the potential efficacy of the treatment, but which is not yet broadly accepted as the prevailing standard of care as defined in Labor Code §413.014(a).

The argument raised by Argus that Gabapentin is an "N" status drug is not supported. The *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary* (ODG, Appendix A) effective on the date of service lists Gabapentin, including generic forms as a "Y" status drug. Only the extended release version of the drug, under the brand names Gralise and Horizant are indicated as "N" status. Documentation submitted to the division supports that a generic form of this drug was used in this compound.

The division finds that the compound in question does not include a drug identified with a status of "N" in the current edition of the ODG, *Appendix A*. Fort Bend County failed to articulate any other arguments to support its denial for preauthorization. Therefore, the division concludes that the compound in question did not require preauthorization and Fort Bend County's denial for this reason is not supported.

2. 28 Texas Administrative Code §134.503 applies to the compound in dispute and states, in pertinent part:
 - (c) The insurance carrier shall reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of:
 - (1) the fee established by the following formulas based on the average wholesale price (AWP) as reported by a nationally recognized pharmaceutical price guide or other publication of pharmaceutical pricing data in effect on the day the prescription drug is dispensed:
 - (A) Generic drugs: $((\text{AWP per unit}) \times (\text{number of units}) \times 1.25) + \4.00 dispensing fee per prescription = reimbursement amount;
 - (B) Brand name drugs: $((\text{AWP per unit}) \times (\text{number of units}) \times 1.09) + \4.00 dispensing fee per prescription = reimbursement amount;
 - (C) When compounding, a single compounding fee of \$15 per prescription shall be added to the calculated total for either paragraph (1)(A) or (B) of this subsection; or

- (2) notwithstanding §133.20(e)(1) of this title (relating to Medical Bill Submission by Health Care Provider), the amount billed to the insurance carrier by the:
- (A) health care provider; or
 - (B) pharmacy processing agent only if the health care provider has not previously billed the insurance carrier for the prescription drug and the pharmacy processing agent is billing on behalf of the health care provider.

The compound in dispute was billed by listing each drug included in the compound and calculating the charge for each drug separately as required by 28 Texas Administrative Code §134.502(d)(2). Each ingredient is listed below with its corresponding reimbursement amount as applicable.

Ingredient	NDC & Type	Price/ Unit	Total Units	AWP Formula §134.503(c)(1)	Billed Amt §134.503 (c)(2)	Lesser of (c)(1) and (c)(2)
Ketoprofen 10%	38779007805 Generic	\$10.45	24.0 gm	$\$10.45 \times 24 \times 1.25 = \313.50	\$250.95	\$250.95
Amitriptyline 8%	38779018908 Generic	\$18.24	4.8 gm	$\$18.24 \times 4.8 \times 1.25 = \109.44	\$87.47	\$87.47
Baclofen 4%	38779038808 Generic	\$35.63	9.6 gm	$\$35.63 \times 9.6 \times 1.25 = \427.56	\$342.08	\$342.08
Amantadine 2%	38779041109 Generic	\$24.225	19.2 gm	$\$24.225 \times 19.2 \times 1.25 = \581.40	\$465.04	\$465.04
Gabapentin 5%	38779246108 Generic	\$59.85	12.0 gm	$\$59.85 \times 12 \times 1.25 = \897.75	\$718.29	\$718.29
Versatile Cream Base	51552134308 Brand Name	\$2.50	170.4 gm	$\$2.50 \times 170.4 \times 1.25 = \532.50	\$425.89	\$425.89
Total						\$2,289.72

The total allowable reimbursement for the disputed service is \$2,289.72. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$2,289.72.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Section 413.031 and 413.019 (if applicable), the division has determined the requestor is entitled to additional reimbursement for the disputed services. The division hereby ORDERS the respondent to remit to the requestor \$2,289.72, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

Authorized Signature

<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Signature	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Laurie Garnes Medical Fee Dispute Resolution Officer	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> July 13, 2017 Date
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YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with Rule §133.307, effective May 31, 2012, *37 Texas Register 3833*, **applicable to disputes filed on or after June 1, 2012.**

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.